

**LOCAL GOVERNMENT AND LIMITED PURPOSE****ENTITY REGISTRY**

2018 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill provides for the creation of a registry of local government and limited purpose entities.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires local government entities and limited purpose entities to register with the lieutenant governor;
- ▶ requires the lieutenant governor to:
  - create a registry of local government entities and limited purpose entities;
  - establish registration and renewal fees to create, administer, and maintain the registry; and
  - send certain notices regarding compliance with registry requirements;
- ▶ requires the state auditor to withhold certain state funds and property tax disbursements if an entity does not comply with registry requirements;
- ▶ allows the state auditor to prohibit access to certain money if an entity does not comply with registry requirements;
- ▶ increases the state auditor's enforcement authority; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

32 **11-13-203**, as last amended by Laws of Utah 2015, Chapter 265  
33 **17B-1-103**, as last amended by Laws of Utah 2014, Chapter 377  
34 **17B-1-641**, as last amended by Laws of Utah 2017, Chapter 11  
35 **17D-1-103**, as last amended by Laws of Utah 2014, Chapter 357  
36 **17D-2-103**, as enacted by Laws of Utah 2008, Chapter 360  
37 **17D-3-103**, as enacted by Laws of Utah 2008, Chapter 360  
38 **26A-1-108**, as last amended by Laws of Utah 2002, Chapter 249  
39 **35A-8-402**, as renumbered and amended by Laws of Utah 2012, Chapter 212  
40 **51-2a-201.5**, as last amended by Laws of Utah 2017, Chapter 11  
41 **51-2a-401**, as enacted by Laws of Utah 2004, Chapter 206  
42 **53A-1a-507**, as last amended by Laws of Utah 2014, Chapter 363  
43 **53A-2-108**, as last amended by Laws of Utah 2000, Chapter 185  
44 **62A-3-104.1**, as last amended by Laws of Utah 2012, Chapter 347  
45 **63G-2-502**, as last amended by Laws of Utah 2017, Chapter 11  
46 **67-3-1**, as last amended by Laws of Utah 2017, Chapter 11  
47 **67-3-3**, Utah Code Annotated 1953  
48 **67-4-1**, as last amended by Laws of Utah 2017, Chapter 11

## 49 ENACTS:

50 **10-1-204**, Utah Code Annotated 1953  
51 **11-13a-105**, Utah Code Annotated 1953  
52 **17-15-31**, Utah Code Annotated 1953  
53 **17-43-205**, Utah Code Annotated 1953  
54 **17-43-310**, Utah Code Annotated 1953  
55 **17C-1-608**, Utah Code Annotated 1953  
56 **63E-1-103**, Utah Code Annotated 1953  
57 **67-1a-15**, Utah Code Annotated 1953

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59 *Be it enacted by the Legislature of the state of Utah:*

60 Section 1. Section **10-1-204** is enacted to read:

61 **10-1-204. Registration as a local government entity.**

62 **(1) Each municipality shall register and maintain the municipality's registration as a**

63 local government entity, in accordance with Section 67-1a-15.

64 (2) A municipality that fails to comply with Subsection (1) or Section 67-1a-15 is  
65 subject to enforcement by the state auditor, in accordance with Section 67-3-1.

66 Section 2. Section **11-13-203** is amended to read:

67 **11-13-203. Interlocal entities -- Agreement to approve the creation of an**  
68 **interlocal entity -- Electric interlocal entity or energy services interlocal entity --**  
69 **Registration as a limited purpose entity.**

70 (1) An interlocal entity is:

- 71 (a) separate from the public agencies that create it;
- 72 (b) a body politic and corporate; and
- 73 (c) a political subdivision of the state.

74 (2) (a) Any two or more Utah public agencies may enter into an agreement to approve  
75 the creation of a Utah interlocal entity to accomplish the purpose of their joint or cooperative  
76 action, including undertaking and financing a facility or improvement to provide the service  
77 contemplated by that agreement.

78 (b) The creation, operation, governance, and fiscal procedures of an interlocal entity  
79 and its governing authority are governed by this chapter and are not subject to the statutes  
80 applicable to its members or other entities.

81 (3) (a) A Utah public agency and one or more public agencies may enter into an  
82 agreement to approve the creation of an electric interlocal entity to accomplish the purpose of  
83 their joint or cooperative action if that purpose is to participate in the undertaking or financing  
84 of:

- 85 (i) facilities to provide additional project capacity;
- 86 (ii) common facilities under Title 54, Chapter 9, Electric Power Facilities Act; or
- 87 (iii) electric generation or transmission facilities.

88 (b) By agreement with one or more public agencies that are not parties to the  
89 agreement creating it, a Utah interlocal entity may be reorganized as an electric interlocal entity  
90 if:

91 (i) the public agencies that are parties to the agreement creating the Utah interlocal  
92 entity authorize, in the same manner required to amend the agreement creating the Utah  
93 interlocal entity, the Utah interlocal entity to be reorganized as an electric interlocal entity; and

(ii) the purpose of the joint or cooperative action to be accomplished by the electric interlocal entity meets the requirements of Subsection (3)(a).

(4) (a) Two or more Utah public agencies may enter into an agreement with one another or with one or more public agencies to approve the creation of an energy services interlocal entity to accomplish the purposes of their joint and cooperative action with respect to facilities, services, and improvements necessary or desirable with respect to the acquisition, generation, transmission, management, and distribution of electric energy for the use and benefit of the public agencies that enter into the agreement.

(b) (i) A Utah interlocal entity that was created to facilitate the transmission or supply of electric power may, by resolution adopted by its governing board, elect to become an energy services interlocal entity.

(ii) Notwithstanding Subsection (4)(b)(i), a Utah interlocal entity that is also a project entity may not elect to become an energy services interlocal entity.

(iii) An election under Subsection (4)(b)(i) does not alter, limit, or affect the validity or enforceability of a previously executed contract, agreement, bond, or other obligation of the Utah interlocal entity making the election.

(5) (a) Each interlocal entity shall register and maintain the interlocal entity's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) An interlocal entity that fails to comply with Subsection (5)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 3. Section **11-13a-105** is enacted to read:

**11-13a-105. Registration as a limited purpose entity.**

(1) Each governmental nonprofit corporation shall register and maintain the governmental nonprofit corporation's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(2) A governmental nonprofit corporation that fails to comply with Subsection (1) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 4. Section **17-15-31** is enacted to read:

**17-15-31. Registration as a local government entity.**

(1) Each county shall register and maintain the county's registration as a local

125 government entity, in accordance with Section 67-1a-15.

126 (2) A county that fails to comply with Subsection (1) or Section 67-1a-15 is subject to  
127 enforcement by the state auditor, in accordance with Section 67-3-1.

128 Section 5. Section **17-43-205** is enacted to read:

129 **17-43-205. Registration as a limited purpose entity.**

130 (1) Each local substance abuse authority shall register and maintain the authority's  
131 registration as a limited purpose entity, in accordance with Section 67-1a-15.

132 (2) A local substance abuse authority that fails to comply with Subsection (1) or  
133 Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section  
134 67-3-1.

135 Section 6. Section **17-43-310** is enacted to read:

136 **17-43-310. Registration as a limited purpose entity.**

137 (1) Each local mental health authority shall register and maintain the authority's  
138 registration as a limited purpose entity, in accordance with Section 67-1a-15.

139 (2) A local mental health authority that fails to comply with Subsection (1) or Section  
140 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

141 Section 7. Section **17B-1-103** is amended to read:

142 **17B-1-103. Local district status and powers -- Registration as a limited purpose**  
143 **entity.**

144 (1) A local district:

145 (a) is:

146 (i) a body corporate and politic with perpetual succession;

147 (ii) a quasi-municipal corporation; and

148 (iii) a political subdivision of the state; and

149 (b) may sue and be sued.

150 (2) A local district may:

151 (a) acquire, by any lawful means, or lease any real property, personal property, or a  
152 groundwater right necessary or convenient to the full exercise of the district's powers;

153 (b) acquire, by any lawful means, any interest in real property, personal property, or a  
154 groundwater right necessary or convenient to the full exercise of the district's powers;

155 (c) transfer an interest in or dispose of any property or interest described in Subsections

(2)(a) and (b);

(d) acquire or construct works, facilities, and improvements necessary or convenient to the full exercise of the district's powers, and operate, control, maintain, and use those works, facilities, and improvements;

(e) borrow money and incur indebtedness for any lawful district purpose;

(f) issue bonds, including refunding bonds:

(i) for any lawful district purpose; and

(ii) as provided in and subject to Part 11, Local District Bonds;

(g) levy and collect property taxes:

(i) for any lawful district purpose or expenditure, including to cover a deficit resulting from tax delinquencies in a preceding year; and

(ii) as provided in and subject to Part 10, Local District Property Tax Levy;

(h) as provided in Title 78B, Chapter 6, Part 5, Eminent Domain, acquire by eminent domain property necessary to the exercise of the district's powers;

(i) invest money as provided in Title 51, Chapter 7, State Money Management Act;

(j) (i) impose fees or other charges for commodities, services, or facilities provided by the district, to pay some or all of the district's costs of providing the commodities, services, and facilities, including the costs of:

(A) maintaining and operating the district;

(B) acquiring, purchasing, constructing, improving, or enlarging district facilities;

(C) issuing bonds and paying debt service on district bonds; and

(D) providing a reserve established by the board of trustees; and

(ii) take action the board of trustees considers appropriate and adopt regulations to assure the collection of all fees and charges that the district imposes;

(k) if applicable, charge and collect a fee to pay for the cost of connecting a customer's property to district facilities in order for the district to provide service to the property;

(l) enter into a contract that the local district board of trustees considers necessary, convenient, or desirable to carry out the district's purposes, including a contract:

(i) with the United States or any department or agency of the United States;

(ii) to indemnify and save harmless; or

(iii) to do any act to exercise district powers;

(m) purchase supplies, equipment, and materials;

(n) encumber district property upon terms and conditions that the board of trustees considers appropriate;

(o) exercise other powers and perform other functions that are provided by law;

(p) construct and maintain works and establish and maintain facilities, including works or facilities:

(i) across or along any public street or highway, subject to Subsection (3) and if the district:

(A) promptly restores the street or highway, as much as practicable, to its former state of usefulness; and

(B) does not use the street or highway in a manner that completely or unnecessarily impairs the usefulness of it;

(ii) in, upon, or over any vacant public lands that are or become the property of the state, including school and institutional trust lands, as defined in Section 53C-1-103, if the director of the School and Institutional Trust Lands Administration, acting under Sections 53C-1-102 and 53C-1-303, consents; or

(iii) across any stream of water or watercourse, subject to Section 73-3-29;

(q) perform any act or exercise any power reasonably necessary for the efficient operation of the local district in carrying out its purposes;

(r) (i) except for a local district described in Subsection (2)(r)(ii), designate an assessment area and levy an assessment on land within the assessment area, as provided in Title 11, Chapter 42, Assessment Area Act; or

(ii) for a local district created to assess a groundwater right in a critical management area described in Subsection 17B-1-202(1), designate an assessment area and levy an assessment, as provided in Title 11, Chapter 42, Assessment Area Act, on a groundwater right to facilitate a groundwater management plan;

(s) contract with another political subdivision of the state to allow the other political subdivision to use the district's surplus water or capacity or have an ownership interest in the district's works or facilities, upon the terms and for the consideration, whether monetary or nonmonetary consideration or no consideration, that the district's board of trustees considers to be in the best interests of the district and the public;

(t) upon the terms and for the consideration, whether monetary or nonmonetary consideration or no consideration, that the district's board of trustees considers to be in the best interests of the district and the public, agree:

(i) (A) with~~[-(A)]~~ another political subdivision of the state; or  
(B) with a public or private owner of property~~[-(H)]~~ on which the district has a right-of-way~~[-]~~ or ~~[(H)]~~ adjacent to which the district owns fee title to property; and

(ii) to allow the use of property:

(A) owned by the district; or  
(B) on which the district has a right-of-way; and

(u) if the local district receives, as determined by the local district board of trustees, adequate monetary or nonmonetary consideration in return:

(i) provide services or nonmonetary assistance to a nonprofit entity;  
(ii) waive fees required to be paid by a nonprofit entity; or  
(iii) provide monetary assistance to a nonprofit entity, whether from the local district's own funds or from funds the local district receives from the state or any other source.

(3) With respect to a local district's use of a street or highway, as provided in Subsection (2)(p)(i):

(a) the district shall comply with the reasonable rules and regulations of the governmental entity, whether state, county, or municipal, with jurisdiction over the street or highway, concerning:

(i) an excavation and the refilling of an excavation;  
(ii) the relaying of pavement; and  
(iii) the protection of the public during a construction period; and  
(b) the governmental entity, whether state, county, or municipal, with jurisdiction over the street or highway:

(i) may not require the district to pay a license or permit fee or file a bond; and  
(ii) may require the district to pay a reasonable inspection fee.

(4) (a) A local district may:

(i) acquire, lease, or construct and operate electrical generation, transmission, and distribution facilities, if:

(A) the purpose of the facilities is to harness energy that results inherently from the



district's~~[(H)]~~ operation of a project or facilities that the district is authorized to operate~~[:]~~ or  
~~[(H)]~~ from the district providing a service that the district is authorized to provide;

(B) the generation of electricity from the facilities is incidental to the primary  
operations of the district; and

(C) operation of the facilities will not hinder or interfere with the primary operations of  
the district;

(ii) (A) use electricity generated by the facilities; or

(B) subject to Subsection (4)(b), sell electricity generated by the facilities to an electric  
utility or municipality with an existing system for distributing electricity.

(b) A district may not act as a retail distributor or seller of electricity.

(c) Revenue that a district receives from the sale of electricity from electrical  
generation facilities it owns or operates under this section may be used for any lawful district  
purpose, including the payment of bonds issued to pay some or all of the cost of acquiring or  
constructing the facilities.

(5) A local district may adopt and, after adoption, alter a corporate seal.

(6) (a) Each local district shall register and maintain the local district's registration as a  
limited purpose entity, in accordance with Section 67-1a-15.

(b) A local district that fails to comply with Subsection (6)(a) or Section 67-1a-15 is  
subject to enforcement by the state auditor, in accordance with Section 67-3-1.

~~[(6)]~~ (7) (a) As used in this Subsection ~~[(6)]~~ (7), "knife" means a cutting instrument  
that includes a sharpened or pointed blade.

(b) The authority to regulate a knife is reserved to the state except where the  
Legislature specifically delegates responsibility to a local district.

(c) Unless specifically authorized by the Legislature by statute, a local district may not  
adopt or enforce a regulation or rule pertaining to a knife.

Section 8. Section **17B-1-641** is amended to read:

**17B-1-641. Local district may expand uniform procedures -- Limitation.**

(1) Subject to Subsection (2), a local district may expand the uniform accounting,  
budgeting, and reporting procedure prescribed in the Uniform Accounting Manual for Local  
Districts prepared by the state auditor under Subsection 67-3-1~~[(15)]~~(16), to better serve the  
needs of the district.

(2) A local district may not deviate from or alter the basic prescribed classification systems for the identity of funds and accounts set forth in the Uniform Accounting Manual for Local Districts.

Section 9. Section **17C-1-608** is enacted to read:

**17C-1-608. Registration as a limited purpose entity.**

(1) Each community reinvestment agency shall register and maintain the community reinvestment agency's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(2) A community reinvestment agency that fails to comply with Subsection (1) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 10. Section **17D-1-103** is amended to read:

**17D-1-103. Special service district status, powers, and duties -- Registration as a limited purpose entity -- Limitation on districts providing jail service.**

(1) A special service district:

(a) is:

(i) a body corporate and politic with perpetual succession, separate and distinct from the county or municipality that creates it;

(ii) a quasi-municipal corporation; and

(iii) a political subdivision of the state; and

(b) may sue and be sued.

(2) A special service district may:

(a) exercise the power of eminent domain possessed by the county or municipality that creates the special service district;

(b) enter into a contract that the governing authority considers desirable to carry out special service district functions, including a contract:

(i) with the United States or an agency of the United States, the state, an institution of higher education, a county, a municipality, a school district, a local district, another special service district, or any other political subdivision of the state; or

(ii) that includes provisions concerning the use, operation, and maintenance of special service district facilities and the collection of fees or charges with respect to commodities,

311 services, or facilities that the district provides;

312 (c) acquire or construct facilities;

313 (d) acquire real or personal property, or an interest in real or personal property,

314 including water and water rights, whether by purchase, lease, gift, devise, bequest, or

315 otherwise, and whether the property is located inside or outside the special service district, and

316 own, hold, improve, use, finance, or otherwise deal in and with the property or property right;

317 (e) sell, convey, lease, exchange, transfer, or otherwise dispose of all or any part of the

318 special service district's property or assets, including water and water rights;

319 (f) mortgage, pledge, or otherwise encumber all or any part of the special service

320 district's property or assets, including water and water rights;

321 (g) enter into a contract with respect to the use, operation, or maintenance of all or any

322 part of the special service district's property or assets, including water and water rights;

323 (h) accept a government grant or loan and comply with the conditions of the grant or

324 loan;

325 (i) use an officer, employee, property, equipment, office, or facility of the county or

326 municipality that created the special service district, subject to reimbursement as provided in

327 Subsection (3);

328 (j) employ one or more officers, employees, or agents, including one or more

329 engineers, accountants, attorneys, or financial consultants, and establish their compensation;

330 (k) designate an assessment area and levy an assessment as provided in Title 11,

331 Chapter 42, Assessment Area Act;

332 (l) contract with a franchised, certificated public utility for the construction and

333 operation of an electrical service distribution system within the special service district;

334 (m) borrow money and incur indebtedness;

335 (n) as provided in Part 5, Special Service District Bonds, issue bonds for the purpose of

336 acquiring, constructing, and equipping any of the facilities required for the services the special

337 service district is authorized to provide, including:

338 (i) bonds payable in whole or in part from taxes levied on the taxable property in the

339 special service district;

340 (ii) bonds payable from revenues derived from the operation of revenue-producing

341 facilities of the special service district;

- 342 (iii) bonds payable from both taxes and revenues;
- 343 (iv) guaranteed bonds, payable in whole or in part from taxes levied on the taxable
- 344 property in the special service district;
- 345 (v) tax anticipation notes;
- 346 (vi) bond anticipation notes;
- 347 (vii) refunding bonds;
- 348 (viii) special assessment bonds; and
- 349 (ix) bonds payable in whole or in part from mineral lease payments as provided in
- 350 Section 11-14-308;
- 351 (o) except as provided in Subsection (4), impose fees or charges or both for
- 352 commodities, services, or facilities that the special service district provides;
- 353 (p) provide to an area outside the special service district's boundary, whether inside or
- 354 outside the state, a service that the special service district is authorized to provide within its
- 355 boundary, if the governing body makes a finding that there is a public benefit to providing the
- 356 service to the area outside the special service district's boundary;
- 357 (q) provide other services that the governing body determines will more effectively
- 358 carry out the purposes of the special service district; and
- 359 (r) adopt an official seal for the special service district.
- 360 (3) (a) Each special service district shall register and maintain the special service
- 361 district's registration as a limited purpose entity, in accordance with Section 67-1a-15.
- 362 (b) A special service district that fails to comply with Subsection (3)(a) or Section
- 363 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.
- 364 ~~[(3)]~~ (4) Each special service district that uses an officer, employee, property,
- 365 equipment, office, or facility of the county or municipality that created the special service
- 366 district shall reimburse the county or municipality a reasonable amount for what the special
- 367 service district uses.
- 368 ~~[(4)]~~ (5) (a) A special service district that provides jail service as provided in
- 369 Subsection 17D-1-201(10) may not impose a fee or charge for the service it provides.
- 370 (b) Subsection ~~[(4)]~~ (5)(a) may not be construed to limit a special service district that
- 371 provides jail service from:
- 372 (i) entering into a contract with the federal government, the state, or a political

subdivision of the state to provide jail service for compensation; or

(ii) receiving compensation for jail service it provides under a contract described in Subsection ~~[(4)]~~ (5)(b)(i).

Section 11. Section **17D-2-103** is amended to read:

**17D-2-103. Status and authority of a local building authority -- Registration as a limited purpose entity.**

(1) A local building authority:

~~[(1)]~~ (a) is a public entity and an instrumentality of the state, created by a local entity solely for the purpose of constructing, acquiring, improving, or extending, and financing the costs of, one or more projects on behalf of the local entity;

~~[(2)]~~ (b) shall be known as the "Local Building Authority of (name of the creating local entity)"; and

~~[(3)]~~ (c) may:

~~[(a)]~~ (i) as provided in this chapter, construct, acquire, improve, or extend, and finance the costs of, one or more projects on behalf of the creating local entity, in order to accomplish the public purposes for which the creating local entity exists; and

~~[(b)]~~ (ii) as provided in Part 5, Local Building Authority Bonds, issue and sell its bonds for the purpose of paying the costs of constructing, acquiring, improving, or extending a project.

(2) (a) Each local building authority shall register and maintain the local building authority's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A local building authority that fails to comply with Subsection (2)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 12. Section **17D-3-103** is amended to read:

**17D-3-103. Conservation district status, authority, and duties -- Registration as a limited purpose entity.**

(1) A conservation district created under this chapter:

(a) is a body corporate and politic;

(b) is a political subdivision of the state; and

(c) may sue and be sued.

(2) (a) A conservation district may:

- 404 (i) survey, investigate, and research soil erosion, floodwater, nonpoint source water  
405 pollution, flood control, water pollution, sediment damage, and watershed development;
- 406 (ii) subject to Subsection (2)(b), devise and implement on state or private land a  
407 measure to prevent soil erosion, floodwater or sediment damage, nonpoint source water  
408 pollution, or other degradation of a watershed or of property affecting a watershed;
- 409 (iii) subject to Subsection (2)(b), devise and implement a measure to conserve,  
410 develop, utilize, or dispose of water on state or private land;
- 411 (iv) construct, improve, operate, and maintain a structure that the board of supervisors  
412 considers necessary or convenient for the conservation district to carry out its purposes under  
413 this chapter;
- 414 (v) acquire property, real or personal, by purchase or otherwise, and maintain, improve,  
415 and administer that property consistent with the purposes of this chapter;
- 416 (vi) enter into a contract in the name of the conservation district;
- 417 (vii) receive money from:
- 418 (A) a federal or state agency;
- 419 (B) a county, municipality, or other political subdivision of the state; or
- 420 (C) a private source;
- 421 (viii) subject to Subsection (2)(c), make recommendations governing land use within  
422 the conservation district, including:
- 423 (A) the observance of particular methods of cultivation;
- 424 (B) the use of specific crop programs and tillage practices;
- 425 (C) the avoidance of tilling and cultivating highly erosive areas where erosion may not  
426 be adequately controlled if cultivated;
- 427 (D) the construction of terraces, terrace outlets, check dams, dikes, ponds, or other  
428 structures; and
- 429 (E) the development or restoration, or both, of range or forest lands or other natural  
430 resources, whether in private, state, or federal ownership;
- 431 (ix) make recommendations for county and municipal land use authorities within the  
432 conservation district to consider with respect to land use applications and other development  
433 proposals;
- 434 (x) employ clerical and other staff personnel, including legal staff, subject to available

435 funds; and

436 (xi) perform any other act that the board of supervisors considers necessary or  
437 convenient for the efficient and effective administration of the conservation district.

438 (b) A conservation district's authority under Subsections (2)(a)(ii) and (iii) is subject to  
439 the consent of:

440 (i) the land occupier; and

441 (ii) in the case of school and institutional trust lands, as defined in Section 53C-1-103,  
442 the director of the School and Institutional Trust Lands Administration, in accordance with  
443 Sections 53C-1-102 and 53C-1-303.

444 (c) (i) Each recommendation under Subsection (2)(a)(viii) shall be uniform throughout  
445 the conservation district or, if the board of supervisors classifies land under Subsection  
446 (2)(c)(ii), throughout each land classification.

447 (ii) The board of supervisors may uniformly classify land within the conservation  
448 district with respect to soil type, degree of slope, degree of threatened or existing erosion,  
449 cropping and tillage practices in use, or other relevant factors.

450 (3) (a) Each conservation district shall annually submit to the commission, no later  
451 than the date that the commission prescribes:

452 (i) a copy of the minutes of each conservation district meeting;

453 (ii) a copy of the conservation district's annual work plan; and

454 (iii) an accounting of the conservation district's financial affairs, as provided in  
455 Subsection (3)(b).

456 (b) The accounting required under Subsection (3)(a)(iii) shall:

457 (i) be prepared by a disinterested person; and

458 (ii) show the conservation district's debits and credits, including accounts payable and  
459 accounts receivable, the purpose of each debit, the source of each credit, and the actual cash  
460 balance on hand.

461 (4) (a) Each conservation district shall register and maintain the conservation district's  
462 registration as a limited purpose entity, in accordance with Section 67-1a-15.

463 (b) A conservation district that fails to comply with Subsection (4)(a) or Section  
464 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

465 Section 13. Section **26A-1-108** is amended to read:

**26A-1-108. Jurisdiction and duties of local health departments -- Registration as a limited purpose entity.**

(1) A local health department has jurisdiction in all unincorporated and incorporated areas of the county or counties in which it is established and shall enforce state health laws, Department of Health, Department of Environmental Quality, and local health department rules, regulations, and standards within those areas.

(2) (a) Each local health department shall register and maintain the local health department's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A local health department that fails to comply with Subsection (2)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 14. Section **35A-8-402** is amended to read:

**35A-8-402. Creation of housing authority authorized -- Procedure -- Registration as a limited purpose entity.**

(1) The governing body of each public body of the state, except the state itself, may create an authority, corporate and politic, to be known as a "housing authority."

(2) The governing body of a city or county shall give consideration to the need for an authority:

(a) on its own motion; or

(b) upon the filing of a petition signed by 25 electors of the city or county asserting that there is need for an authority to function in the city or county and requesting that its governing body make a declaration to that effect.

(3) The governing body shall adopt a resolution declaring there is need for an authority and creating an authority in the city or county if it finds:

(a) that unsanitary or unsafe inhabited dwelling accommodations exist in the city or county; or

(b) that there is a shortage of safe and sanitary dwelling accommodations in the city or county available to persons of medium and low income at rentals or prices they can afford.

(4) (a) In any suit, action, or proceeding involving the validity or enforcement of a contract of the authority, an authority shall be conclusively deemed to have become established and authorized to transact business and exercise its powers upon proof of the adoption of the resolution prescribed in Subsection (3).



(b) A copy of the resolution duly certified by the clerk shall be admissible in evidence in a suit, action, or proceeding.

(5) In counties of the third, fourth, fifth, and sixth class, the governing body of each public body of the state, except the state itself, may contract with or execute an interlocal agreement for services to be provided by an existing housing authority established in another political subdivision.

(6) (a) Each housing authority shall register and maintain the housing authority's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A housing authority that fails to comply with Subsection (6)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 15. Section **51-2a-201.5** is amended to read:

**51-2a-201.5. Accounting reports required -- Reporting to state auditor --**

**Registration as a limited purpose entity.**

(1) As used in this section:

(a) (i) "Federal pass through money" means federal money received by a nonprofit corporation through a subaward or contract from the state or a political subdivision.

(ii) "Federal pass through money" does not include federal money received by a nonprofit corporation as payment for goods or services purchased by the state or political subdivision from the nonprofit corporation.

(b) (i) "Local money" means money that is owned, held, or administered by a political subdivision of the state that is derived from fee or tax revenues.

(ii) "Local money" does not include:

(A) money received by a nonprofit corporation as payment for goods or services purchased from the nonprofit corporation; or

(B) contributions or donations received by the political subdivision.

(c) (i) "State money" means money that is owned, held, or administered by a state agency and derived from state fee or tax revenues.

(ii) "State money" does not include:

(A) money received by a nonprofit corporation as payment for goods or services purchased from the nonprofit corporation; or

(B) contributions or donations received by the state agency.

(2) (a) The governing board of a nonprofit corporation whose revenues or expenditures of federal pass through money, state money, and local money is \$1,000,000 or more shall cause an audit to be made of its accounts by an independent certified public accountant.

(b) The governing board of a nonprofit corporation whose revenues or expenditures of federal pass through money, state money, and local money is at least \$350,000 but less than \$1,000,000 shall cause a review to be made of its accounts by an independent certified public accountant.

(c) The governing board of a nonprofit corporation whose revenues or expenditures of federal pass through money, state money, and local money is at least \$100,000 but less than \$350,000 shall cause a compilation to be made of its accounts by an independent certified public accountant.

(d) The governing board of a nonprofit corporation whose revenues or expenditures of federal pass through money, state money, and local money is less than \$100,000 but greater than \$25,000 shall cause a fiscal report to be made in a format prescribed by the state auditor.

(3) A nonprofit corporation described in ~~[Subsection]~~ Section 51-2a-102[(6)(f)] shall provide the state auditor a copy of an accounting report prepared under this section within six months of the end of the nonprofit corporation's fiscal year.

(4) (a) A state agency that disburses federal pass through money or state money to a nonprofit corporation shall enter into a written agreement with the nonprofit corporation that requires the nonprofit corporation to annually disclose whether:

(i) the nonprofit corporation met or exceeded the dollar amounts listed in Subsection (2) in the previous fiscal year of the nonprofit corporation; or

(ii) the nonprofit corporation anticipates meeting or exceeding the dollar amounts listed in Subsection (2) in the fiscal year the money is disbursed.

(b) If the nonprofit corporation discloses to the state agency that the nonprofit corporation meets or exceeds the dollar amounts as described in Subsection (4)(a), the state agency shall notify the state auditor.

(5) This section does not apply to a nonprofit corporation that is a charter school created under Title 53A, Chapter 1a, Part 5, The Utah Charter Schools Act. A charter school is subject to the requirements of Section 53A-1a-507.

(6) A nonprofit corporation is exempt from Section 51-2a-201.

(7) (a) Each nonprofit corporation that receives an amount of money requiring an accounting report under this section shall register and maintain the nonprofit corporation's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A nonprofit corporation described in Subsection (7)(a) that fails to comply with Subsection (7)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 16. Section **51-2a-401** is amended to read:

**51-2a-401. Prohibiting access to and withholding funds from an entity that does not comply with the accounting report requirements.**

(1) If a political subdivision, interlocal organization, or other local entity does not comply with the accounting report requirements of Section 51-2a-201, the state auditor shall:

(a) withhold allocated state funds to pay the cost of the accounting report, in accordance with Subsection (2); or

(b) prohibit financial access, in accordance with Subsection (3).

~~[(1)-The]~~ (2) (a) If the state auditor does not prohibit financial access in accordance with Subsection (3), the state auditor shall withhold allocated state funds sufficient to pay the cost of the accounting report from any [political subdivision, interlocal organization, or other local entity that does not comply with the accounting report requirements of Section 51-2a-201] local entity described in Subsection (1).

~~[(2)-(a)]~~ (b) If no allocated state funds are available for withholding, the local entity shall reimburse the state auditor for any cost incurred in completing the accounting reports required under Section 51-2a-402.

~~[(b)]~~ (c) The state auditor shall release the withheld funds [when] if the local entity meets the accounting report requirements [are met] either voluntarily or by action under Section 51-2a-402.

(3) (a) If the state auditor does not withhold funds in accordance with Subsection (2), the state auditor shall prohibit any local entity described in Subsection (1) from accessing:

(i) money held by the state; and

(ii) money held in an account of a financial institution by:

(A) contacting the entity's financial institution and requesting that the institution prohibit access to the account; or

(B) filing an action in district court requesting an order of the court to prohibit a financial institution from providing the entity access to the account.

(b) The state auditor shall remove the prohibition on accessing funds described in Subsection (3)(a) if the local entity meets the accounting report requirements either voluntarily or by action under Section 51-2a-402.

Section 17. Section **53A-1a-507** is amended to read:

**53A-1a-507. Requirements for charter schools -- Registration as a limited purpose entity.**

(1) A charter school shall be nonsectarian in its programs, admission policies, employment practices, and operations.

(2) A charter school may not charge tuition or fees, except those fees normally charged by other public schools.

(3) A charter school shall meet all applicable federal, state, and local health, safety, and civil rights requirements.

(4) (a) A charter school shall make the same annual reports required of other public schools under this title, including an annual financial audit report.

(b) A charter school shall file its annual financial audit report with the Office of the State Auditor within six months of the end of the fiscal year.

(5) (a) A charter school shall be accountable to the charter school's authorizer for performance as provided in the school's charter.

(b) To measure the performance of a charter school, an authorizer may use data contained in:

(i) the charter school's annual financial audit report;

(ii) a report submitted by the charter school as required by statute; or

(iii) a report submitted by the charter school as required by its charter.

(c) A charter school authorizer may not impose performance standards, except as permitted by statute, that limit, infringe, or prohibit a charter school's ability to successfully accomplish the purposes of charter schools as provided in Section 53A-1a-503 or as otherwise provided in law.

(6) A charter school may not advocate unlawful behavior.

(7) Except as provided in Section 53A-1a-515, a charter school shall be organized and

managed under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, after its authorization.

(8) A charter school shall provide adequate liability and other appropriate insurance.

(9) Beginning on July 1, 2014, a charter school shall submit any lease, lease-purchase agreement, or other contract or agreement relating to the charter school's facilities or financing of the charter school's facilities to the school's authorizer and an attorney for review and advice prior to the charter school entering into the lease, agreement, or contract.

(10) A charter school may not employ an educator whose license has been suspended or revoked by the State Board of Education under Section 53A-6-501.

(11) (a) Each charter school shall register and maintain the charter school's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A charter school that fails to comply with Subsection (11)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 18. Section **53A-2-108** is amended to read:

**53A-2-108. School districts independent of municipal and county governments -- School district name -- Control of property -- Registration as a limited purpose entity.**

(1) (a) Each school district shall be controlled by its board of education and shall be independent of municipal and county governments.

(b) The name of each school district created after May 1, 2000 shall comply with Subsection 17-50-103(2)(a).

(2) The local school board shall have direction and control of all school property in the district.

(3) (a) Each school district shall register and maintain the school district's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A school district that fails to comply with Subsection (3)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

Section 19. Section **62A-3-104.1** is amended to read:

**62A-3-104.1. Powers and duties of area agencies -- Registration as a limited purpose entity.**

(1) An area agency that provides services to an aged person, or a high risk adult shall within the area agency's respective jurisdiction:

- 652 (a) advocate by monitoring, evaluating, and providing input on all policies, programs,  
653 hearings, and levies that affect a person described in this Subsection (1);
- 654 (b) design and implement a comprehensive and coordinated system of services within a  
655 designated planning and service area;
- 656 (c) conduct periodic reviews and evaluations of needs and services;
- 657 (d) prepare and submit to the division plans for funding and service delivery for  
658 services within the designated planning and service area;
- 659 (e) establish, either directly or by contract, programs licensed under Chapter 2,  
660 Licensure of Programs and Facilities;
- 661 (f) (i) appoint an area director;
- 662 (ii) prescribe the area director's duties; and
- 663 (iii) provide adequate and qualified staff to carry out the area plan described in  
664 Subsection (1)(d);
- 665 (g) establish rules not contrary to policies of the board and rules of the division,  
666 regulating local services and facilities;
- 667 (h) operate other services and programs funded by sources other than those  
668 administered by the division;
- 669 (i) establish mechanisms to provide direct citizen input, including an area agency  
670 advisory council with a majority of members who are eligible for services from the area  
671 agency;
- 672 (j) establish fee schedules; and
- 673 (k) comply with the requirements and procedures of:
- 674 (i) Title 11, Chapter 13, Interlocal Cooperation Act; and
- 675 (ii) Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal  
676 Organizations, and Other Local Entities Act.
- 677 (2) Before disbursing any public funds, an area agency shall require that all entities  
678 receiving any public funds agree in writing that:
- 679 (a) the division may examine the entity's program and financial records; and
- 680 (b) the auditor of the local area agency may examine and audit the entity's program and  
681 financial records, if requested by the local area agency.
- 682 (3) An area agency on aging may not disburse public funds to a personal care attendant

as payment for personal services rendered to an aged person or high risk adult, except as provided in Section 62A-3-104.3.

(4) (a) For the purpose of providing services pursuant to this part, a local area agency may receive:

(i) property;

(ii) grants;

(iii) gifts;

(iv) supplies;

(v) materials;

(vi) any benefit derived from the items described in Subsections (4)(a)(i) through (v);

and

(vii) contributions.

(b) If a gift is conditioned upon the gift's use for a specified service or program, the gift shall be used for the specific service or program.

(5) (a) Area agencies shall award all public funds in compliance with:

(i) the requirements of Title 63G, Chapter 6a, Utah Procurement Code; or

(ii) a county procurement ordinance that requires procurement procedures similar to those described in Subsection (5)(a)(i).

(b) (i) If all initial bids on a project are rejected, the area agency shall publish a new invitation to bid.

(ii) If no satisfactory bid is received by the area agency described in Subsection (5)(b)(i), when the bids received from the second invitation are opened the area agency may execute a contract without requiring competitive bidding.

(c) (i) An area agency need not comply with the procurement provisions of this section when it disburses public funds to another governmental entity.

(ii) For purposes of this Subsection (5)(c), "governmental entity" means any political subdivision or institution of higher education of the state.

(d) (i) Contracts awarded by an area agency shall be for a:

(A) fixed amount; and

(B) limited period.

(ii) The contracts described in Subsection (5)(d)(i) may be modified due to changes in

714 available funding for the same contract purpose without competition.

715 (6) Local area agencies shall comply with:

716 (a) applicable state and federal:

717 (i) statutes;

718 (ii) policies; and

719 (iii) audit requirements; and

720 (b) directives resulting from an audit described in Subsection (6)(a)(iii).

721 (7) (a) Each area agency shall register and maintain the area agency's registration as a  
722 limited purpose entity, in accordance with Section 67-1a-15.

723 (b) An area agency that fails to comply with Subsection (7)(a) or Section 67-1a-15 is  
724 subject to enforcement by the state auditor, in accordance with Section 67-3-1.

725 Section 20. Section **63E-1-103** is enacted to read:

726 **63E-1-103. Registration as a limited purpose entity.**

727 (1) Each independent entity shall register and maintain the independent entity's  
728 registration as a limited purpose entity, in accordance with Section 67-1a-15.

729 (2) An independent entity that fails to comply with Subsection (1) or Section 67-1a-15  
730 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

731 Section 21. Section **63G-2-502** is amended to read:

732 **63G-2-502. State Records Committee -- Duties.**

733 (1) The records committee shall:

734 (a) meet at least once every three months;

735 (b) review and approve schedules for the retention and disposal of records;

736 (c) hear appeals from determinations of access as provided by Section 63G-2-403;

737 (d) determine disputes submitted by the state auditor under Subsection

738 67-3-1[(16)](17)(d); and

739 (e) appoint a chairman from among its members.

740 (2) The records committee may:

741 (a) make rules to govern its own proceedings as provided by Title 63G, Chapter 3,  
742 Utah Administrative Rulemaking Act; and

743 (b) by order, after notice and hearing, reassign classification and designation for any  
744 record series by a governmental entity if the governmental entity's classification or designation



is inconsistent with this chapter.

(3) The records committee shall annually appoint an executive secretary to the records committee. The executive secretary may not serve as a voting member of the committee.

(4) Five members of the records committee are a quorum for the transaction of business.

(5) The state archives shall provide staff and support services for the records committee.

(6) If the records committee reassigns the classification or designation of a record or record series under Subsection (2)(b), any affected governmental entity or any other interested person may appeal the reclassification or redesignation to the district court. The district court shall hear the matter de novo.

(7) The Office of the Attorney General shall provide counsel to the records committee and shall review proposed retention schedules.

Section 22. Section **67-1a-15** is enacted to read:

**67-1a-15. Local government and limited purpose entity registry.**

(1) As used in this section:

(a) "Entity" means a limited purpose entity or a local government entity.

(b) (i) "Limited purpose entity" means a legal entity that:

(A) performs a single governmental function or limited governmental functions; and

(B) is not a state executive branch agency, a state legislative office, or within the judicial branch.

(ii) "Limited purpose entity" includes:

(A) area agencies, area agencies on aging, and area agencies on high risk adults, as those terms are defined in Section 62A-3-101;

(B) charter schools created under Title 53A, Chapter 1a, Part 5, The Utah Charter Schools Act;

(C) community reinvestment agencies, as that term is defined in Section 17C-1-102;

(D) conservation districts, as that term is defined in Section 17D-3-102;

(E) governmental nonprofit corporations, as that term is defined in Section 11-13a-102;

(F) housing authorities, as that term is defined in Section 35A-8-401;

(G) independent entities and independent state agencies, as those terms are defined in

776 Section 63E-1-102;  
777 (H) interlocal entities, as that term is defined in Section 11-13-103;  
778 (I) local building authorities, as that term is defined in Section 17D-2-102;  
779 (J) local districts, as that term is defined in Section 17B-1-102;  
780 (K) local health departments, as that term is defined in Section 26A-1-102;  
781 (L) local mental health authorities, as that term is defined in Section 62A-15-102;  
782 (M) nonprofit corporations that receive an amount of money requiring an accounting  
783 report under Section 51-2a-201.5;  
784 (N) school districts under Title 53A, State System of Public Education;  
785 (O) special service districts, as that term is defined in Section 17D-1-102; and  
786 (P) substance abuse authorities, as that term is defined in Section 62A-15-102.  
787 (c) "Local government and limited purpose entity registry" or "registry" means the  
788 registry of local government entities and limited purpose entities created under this section.  
789 (d) "Local government entity" means:  
790 (i) a county, as that term is defined in Section 17-50-101; and  
791 (ii) a municipality, as that term is defined in Section 10-1-104.  
792 (e) "Notice of failure to register" means the notice the lieutenant governor sends, in  
793 accordance with Subsection (7)(a), to an entity that does not register.  
794 (f) "Notice of failure to renew" means the notice the lieutenant governor sends to a  
795 registered entity, in accordance with Subsection (7)(b).  
796 (g) "Notice of noncompliance" means the notice the lieutenant governor sends to a  
797 registered entity, in accordance with Subsection (6)(c).  
798 (h) "Notice of non-registration" means the notice the lieutenant governor sends to an  
799 entity and the state auditor, in accordance with Subsection (9).  
800 (i) "Notice of registration or renewal" means the notice the lieutenant governor sends,  
801 in accordance with Subsection (6)(b)(i).  
802 (j) "Registered entity" means an entity with a valid registration as described in  
803 Subsection (8).  
804 (2) The lieutenant governor shall:  
805 (a) create a registry of each local government entity and limited purpose entity within  
806 the state that:

(i) contains the information described in Subsection (4); and

(ii) is accessible on the lieutenant governor's website or otherwise publicly available;

and

(b) establish fees for registration and renewal, in accordance with Section 63J-1-504, based on and to directly offset the cost of creating, administering, and maintaining the registry.

(3) Each local government entity and limited purpose entity shall:

(a) on or before July 1, 2019, register with the lieutenant governor as described in Subsection (4);

(b) on or before one year after the day on which the lieutenant governor issues the notice of registration or renewal, annually renew the entity's registration in accordance with Subsection (5); and

(c) within 30 days after the day on which any of the information described in Subsection (4) changes, send notice of the changes to the lieutenant governor.

(4) Each entity shall include the following information in the entity's registration submission:

(a) the resolution or other legal or formal document creating the entity;

(b) a map or plat establishing the geographic boundaries of the entity, or if it is impossible to create a map or plat, a metes and bounds description, or another legal description;

(c) the entity's name;

(d) the entity's type of local government entity or limited purpose entity;

(e) the entity's governmental function;

(f) the entity's physical address and phone number, including the name and contact information of an individual whom the entity designates as the primary contact for the entity;

(g) names of the members of the entity's governing board or commission, managing officers, or other similar managers and the method by which the members or officers are appointed, elected, or otherwise designated;

(h) the entity's sources of revenue; and

(i) if the entity has created an assessment area, as that term is defined in Section 11-42-102, information regarding the creation, purpose, and boundaries of the assessment area.

(5) Each entity shall include the following information in the entity's renewal

838 submission:

839 (a) identify and update any incorrect or outdated information the entity previously

840 submitted during registration under Subsection (4); or

841 (b) certify that the information the entity previously submitted during registration under

842 Subsection (4) is correct without change.

843 (6) Within 30 days of receiving an entity's registration or renewal submission, the

844 lieutenant governor shall:

845 (a) review the submission to determine compliance with Subsection (4) or (5);

846 (b) if the lieutenant governor determines that the entity's submission complies with

847 Subsection (4) or (5):

848 (i) send a notice of registration or renewal that includes the information that the entity

849 submitted under Subsection (4) or (5) to:

850 (A) the registering or renewing entity;

851 (B) each county in which the entity operates, either in whole or in part, or where the

852 entity's geographic boundaries overlap or are contained within the boundaries of the county;

853 (C) the Division of Archives and Records Service; and

854 (D) the Office of the Utah State Auditor; and

855 (ii) publish the information from the submission on the registry; and

856 (c) if the lieutenant governor determines that the entity's submission does not comply

857 with Subsection (4) or (5) or is otherwise inaccurate or deficient, send a notice of

858 noncompliance to the registering or renewing entity that:

859 (i) identifies each deficiency in the entity's submission with the corresponding statutory

860 requirement;

861 (ii) establishes a deadline to cure the entity's noncompliance that is the first business

862 day that is at least 30 calendar days after the day on which the lieutenant governor sends the

863 notice of noncompliance; and

864 (iii) states that failure to comply by the deadline the lieutenant governor establishes

865 under Subsection (6)(c)(ii) will result in the lieutenant governor sending a notice of

866 non-registration to the Office of the Utah State Auditor, in accordance with Subsection (9).

867 (7) (a) If the lieutenant governor identifies an entity that does not make a registration

868 submission in accordance with Subsection (4) by the deadline described in Subsection (3), the

869 lieutenant governor shall send a notice of failure to register to the registered entity that:

870 (i) identifies the statutorily required registration deadline described in Subsection (3)  
871 that the entity did not meet;

872 (ii) establishes a deadline to cure the entity's failure to register that is the first business  
873 day that is at least 10 calendar days after the day on which the lieutenant governor sends the  
874 notice of failure to register; and

875 (iii) states that failure to comply by the deadline the lieutenant governor establishes  
876 under Subsection (7)(a)(ii) will result in the lieutenant governor sending a notice of  
877 non-registration to the Office of the Utah State Auditor, in accordance with Subsection (9).

878 (b) If a registered entity does not make a renewal submission in accordance with  
879 Subsection (5) by the deadline described in Subsection (3), the lieutenant governor shall send a  
880 notice of failure to renew to the registered entity that:

881 (i) identifies the renewal deadline described in Subsection (3) that the entity did not  
882 meet;

883 (ii) establishes a deadline to cure the entity's failure to renew that is the first business  
884 day that is at least 30 calendar days after the day on which the lieutenant governor sends the  
885 notice of failure to renew; and

886 (iii) states that failure to comply by the deadline the lieutenant governor establishes  
887 under Subsection (7)(b)(ii) will result in the lieutenant governor sending a notice of  
888 non-registration to the Office of the Utah State Auditor, in accordance with Subsection (9).

889 (8) An entity's registration is valid:

890 (a) if the entity makes a registration or renewal submission in accordance with the  
891 deadlines described in Subsection (3);

892 (b) during the period the lieutenant governor establishes in the notice of  
893 noncompliance or notice of failure to renew during which the entity may cure the identified  
894 registration deficiencies; and

895 (c) for one year beginning on the day the lieutenant governor issues the notice of  
896 registration or renewal.

897 (9) (a) The lieutenant governor shall send a notice of non-registration to the Office of  
898 the Utah State Auditor if an entity fails to:

899 (i) cure the entity's noncompliance by the deadline the lieutenant governor establishes

900 in the notice of noncompliance;  
901 (ii) register by the deadline the lieutenant governor establishes in the notice of failure  
902 to register; or  
903 (iii) cure the entity's failure to renew by the deadline the lieutenant governor establishes  
904 in the notice of failure to renew.  
905 (b) The lieutenant governor shall ensure that the notice of non-registration:  
906 (i) includes a copy of the notice of noncompliance, the notice of failure to register, or  
907 the notice of failure to renew; and  
908 (ii) requests that the state auditor withhold state allocated funds or the disbursement of  
909 property taxes and prohibit the entity from accessing money held by the state or money held in  
910 an account of a financial institution, in accordance with Subsections 67-3-1(7)(i) and  
911 67-3-1(10).  
912 (10) The lieutenant governor may extend a deadline under this section if an entity  
913 notifies the lieutenant governor, before the deadline to be extended, of the existence of an  
914 extenuating circumstance that is outside the control of the entity.  
915 Section 23. Section **67-3-1** is amended to read:  
916 **67-3-1. Functions and duties.**  
917 (1) (a) The state auditor is the auditor of public accounts and is independent of any  
918 executive or administrative officers of the state.  
919 (b) The state auditor is not limited in the selection of personnel or in the determination  
920 of the reasonable and necessary expenses of the state auditor's office.  
921 (2) The state auditor shall examine and certify annually in respect to each fiscal year,  
922 financial statements showing:  
923 (a) the condition of the state's finances;  
924 (b) the revenues received or accrued;  
925 (c) expenditures paid or accrued;  
926 (d) the amount of unexpended or unencumbered balances of the appropriations to the  
927 agencies, departments, divisions, commissions, and institutions; and  
928 (e) the cash balances of the funds in the custody of the state treasurer.  
929 (3) (a) The state auditor shall:  
930 (i) audit each permanent fund, each special fund, the General Fund, and the accounts of

931 any department of state government or any independent agency or public corporation as the law  
932 requires, as the auditor determines is necessary, or upon request of the governor or the  
933 Legislature;

934 (ii) perform the audits in accordance with generally accepted auditing standards and  
935 other auditing procedures as promulgated by recognized authoritative bodies;

936 (iii) as the auditor determines is necessary, conduct the audits to determine:

937 (A) honesty and integrity in fiscal affairs;

938 (B) accuracy and reliability of financial statements;

939 (C) effectiveness and adequacy of financial controls; and

940 (D) compliance with the law.

941 (b) If any state entity receives federal funding, the state auditor shall ensure that the  
942 audit is performed in accordance with federal audit requirements.

943 (c) (i) The costs of the federal compliance portion of the audit may be paid from an  
944 appropriation to the state auditor from the General Fund.

945 (ii) If an appropriation is not provided, or if the federal government does not  
946 specifically provide for payment of audit costs, the costs of the federal compliance portions of  
947 the audit shall be allocated on the basis of the percentage that each state entity's federal funding  
948 bears to the total federal funds received by the state.

949 (iii) The allocation shall be adjusted to reflect any reduced audit time required to audit  
950 funds passed through the state to local governments and to reflect any reduction in audit time  
951 obtained through the use of internal auditors working under the direction of the state auditor.

952 (4) (a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to  
953 financial audits, and as the auditor determines is necessary, conduct performance and special  
954 purpose audits, examinations, and reviews of any entity that receives public funds, including a  
955 determination of any or all of the following:

956 (i) the honesty and integrity of all its fiscal affairs;

957 (ii) whether or not its administrators have faithfully complied with legislative intent;

958 (iii) whether or not its operations have been conducted in an efficient, effective, and  
959 cost-efficient manner;

960 (iv) whether or not its programs have been effective in accomplishing the intended  
961 objectives; and

(v) whether or not its management, control, and information systems are adequate, effective, and secure.

(b) The auditor may not conduct performance and special purpose audits, examinations, and reviews of any entity that receives public funds if the entity:

(i) has an elected auditor; and

(ii) has, within the entity's last budget year, had its financial statements or performance formally reviewed by another outside auditor.

(5) The state auditor shall administer any oath or affirmation necessary to the performance of the duties of the auditor's office, and may subpoena witnesses and documents, whether electronic or otherwise, and examine into any matter that the auditor considers necessary.

(6) The state auditor may require all persons who have had the disposition or management of any property of this state or its political subdivisions to submit statements regarding it at the time and in the form that the auditor requires.

(7) The state auditor shall:

(a) except where otherwise provided by law, institute suits in Salt Lake County in relation to the assessment, collection, and payment of its revenues against:

(i) persons who by any means have become entrusted with public money or property and have failed to pay over or deliver the money or property; and

(ii) all debtors of the state;

(b) collect and pay into the state treasury all fees received by the state auditor;

(c) perform the duties of a member of all boards of which the state auditor is a member by the constitution or laws of the state, and any other duties that are prescribed by the constitution and by law;

(d) stop the payment of the salary of any state official or state employee who:

(i) refuses to settle accounts or provide required statements about the custody and disposition of public funds or other state property;

(ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling board or department head with respect to the manner of keeping prescribed accounts or funds; or

(iii) fails to correct any delinquencies, improper procedures, and errors brought to the



official's or employee's attention;

(e) establish accounting systems, methods, and forms for public accounts in all taxing or fee-assessing units of the state in the interest of uniformity, efficiency, and economy;

(f) superintend the contractual auditing of all state accounts;

(g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of property taxes from a state or local taxing or fee-assessing unit, if necessary, to ensure that officials and employees in those taxing units comply with state laws and procedures in the budgeting, expenditures, and financial reporting of public funds; ~~and~~

(h) subject to Subsection (9), withhold the disbursement of tax money from any county, if necessary, to ensure that officials and employees in the county comply with Section 59-2-303.1[-]; and

(i) withhold state allocated funds or the disbursement of property taxes from a local government entity or a limited purpose entity, as those terms are defined in Section 67-1a-15, if necessary, to ensure that the entity registers and maintains the entity's registration with the lieutenant governor, in accordance with Section 67-1a-15.

(8) (a) Except as otherwise provided by law, the state auditor may not withhold funds under Subsection (7)(g) until a state or local taxing or fee-assessing unit has received formal written notice of noncompliance from the auditor and has been given 60 days to make the specified corrections.

(b) If, after receiving notice under Subsection (8)(a), a state or independent local fee-assessing unit that exclusively assesses fees has not made corrections to comply with state laws and procedures in the budgeting, expenditures, and financial reporting of public funds, the state auditor:

(i) shall provide a recommended timeline for corrective actions; and

(ii) may prohibit the state or local fee-assessing unit from accessing money held by the state; and

(iii) may prohibit a state or local fee-assessing unit from accessing money held in an account of a financial institution by filing an action in district court requesting an order of the court to prohibit a financial institution from providing the fee-assessing unit access to an account.

(c) The state auditor shall remove a limitation on accessing funds under Subsection

1024 (8)(b) upon compliance with state laws and procedures in the budgeting, expenditures, and  
1025 financial reporting of public funds.

1026 (d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with  
1027 state law, the state auditor:

1028 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to  
1029 comply;

1030 (ii) may prohibit the taxing or fee-assessing unit from accessing money held by the  
1031 state; and

1032 (iii) may prohibit a taxing or fee-assessing unit from accessing money held in an  
1033 account of a financial institution by:

1034 (A) contacting the taxing or fee-assessing unit's financial institution and requesting that  
1035 the institution prohibit access to the account; or

1036 (B) filing an action in district court requesting an order of the court to prohibit a  
1037 financial institution from providing the taxing or fee-assessing unit access to an account.

1038 (e) If the local taxing or fee-assessing unit adopts a budget in compliance with state  
1039 law, the state auditor shall eliminate a limitation on accessing funds described in Subsection  
1040 (8)(d).

1041 (9) The state auditor may not withhold funds under Subsection (7)(h) until a county has  
1042 received formal written notice of noncompliance from the auditor and has been given 60 days  
1043 to make the specified corrections.

1044 (10) (a) The state auditor may not withhold funds under Subsection (7)(i) until the state  
1045 auditor receives a notice of non-registration, as that term is defined in Section 67-1a-15.

1046 (b) If the state auditor receives a notice of non-registration, the state auditor may  
1047 prohibit the local government entity or limited purpose entity, as those terms are defined in  
1048 Section 67-1a-15, from accessing:

1049 (i) money held by the state; and

1050 (ii) money held in an account of a financial institution by:

1051 (A) contacting the entity's financial institution and requesting that the institution  
1052 prohibit access to the account; or

1053 (B) filing an action in district court requesting an order of the court to prohibit a  
1054 financial institution from providing the entity access to an account.

1055 (c) The state auditor shall remove the prohibition on accessing funds described in  
1056 Subsection (10)(b) if the state auditor received a notice of registration, as that term is defined in  
1057 Section 67-1a-15, from the lieutenant governor.

1058 ~~[(10)]~~ (11) Notwithstanding Subsection (7)(g), (7)(h), ~~(7)(i)~~, (8)(b), ~~[or]~~ (8)(d), or  
1059 (10)(b), the state auditor:

1060 (a) shall authorize a disbursement by a local government entity or limited purpose  
1061 entity, as those terms are defined in Section 67-1a-15, or a state or local taxing or fee-assessing  
1062 unit if the disbursement is necessary to:

1063 (i) avoid a major disruption in the operations of the local government entity, limited  
1064 purpose entity, or state or local taxing or fee-assessing unit; or

1065 (ii) meet debt service obligations; and

1066 (b) may authorize a disbursement by a local government entity, limited purpose entity,  
1067 or state or local taxing or fee-assessing unit as the state auditor determines is appropriate.

1068 ~~[(11)]~~ (12) (a) The state auditor may seek relief under the Utah Rules of Civil  
1069 Procedure to take temporary custody of public funds if an action is necessary to protect public  
1070 funds from being improperly diverted from their intended public purpose.

1071 (b) If the state auditor seeks relief under Subsection ~~[(11)]~~ (12)(a):

1072 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8);  
1073 and

1074 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if a  
1075 court orders the public funds to be protected from improper diversion from their public  
1076 purpose.

1077 ~~[(12)]~~ (13) The state auditor shall:

1078 (a) establish audit guidelines and procedures for audits of local mental health and  
1079 substance abuse authorities and their contract providers, conducted pursuant to Title 17,  
1080 Chapter 43, Part 2, Local Substance Abuse Authorities, and Title 17, Chapter 43, Part 3, Local  
1081 Mental Health Authorities, Title 51, Chapter 2a, Accounting Reports from Political  
1082 Subdivisions, Interlocal Organizations, and Other Local Entities Act, and Title 62A, Chapter  
1083 15, Substance Abuse and Mental Health Act; and

1084 (b) ensure that those guidelines and procedures provide assurances to the state that:

1085 (i) state and federal funds appropriated to local mental health authorities are used for

1086 mental health purposes;

1087 (ii) a private provider under an annual or otherwise ongoing contract to provide  
1088 comprehensive mental health programs or services for a local mental health authority is in  
1089 compliance with state and local contract requirements, and state and federal law;

1090 (iii) state and federal funds appropriated to local substance abuse authorities are used  
1091 for substance abuse programs and services; and

1092 (iv) a private provider under an annual or otherwise ongoing contract to provide  
1093 comprehensive substance abuse programs or services for a local substance abuse authority is in  
1094 compliance with state and local contract requirements, and state and federal law.

1095 ~~[(13)]~~ (14) The state auditor may, in accordance with the auditor's responsibilities for  
1096 political subdivisions of the state as provided in Title 51, Chapter 2a, Accounting Reports from  
1097 Political Subdivisions, Interlocal Organizations, and Other Local Entities Act, initiate audits or  
1098 investigations of any political subdivision that are necessary to determine honesty and integrity  
1099 in fiscal affairs, accuracy and reliability of financial statements, effectiveness, and adequacy of  
1100 financial controls and compliance with the law.

1101 ~~[(14)]~~ (15) (a) The state auditor may not audit work that the state auditor performed  
1102 before becoming state auditor.

1103 (b) If the state auditor has previously been a responsible official in state government  
1104 whose work has not yet been audited, the Legislature shall:

- 1105 (i) designate how that work shall be audited; and  
1106 (ii) provide additional funding for those audits, if necessary.

1107 ~~[(15)]~~ (16) The state auditor shall:

1108 (a) with the assistance, advice, and recommendations of an advisory committee  
1109 appointed by the state auditor from among local district boards of trustees, officers, and  
1110 employees and special service district boards, officers, and employees:

1111 (i) prepare a Uniform Accounting Manual for Local Districts that:

1112 (A) prescribes a uniform system of accounting and uniform budgeting and reporting  
1113 procedures for local districts under Title 17B, Limited Purpose Local Government Entities -  
1114 Local Districts, and special service districts under Title 17D, Chapter 1, Special Service  
1115 District Act;

1116 (B) conforms with generally accepted accounting principles; and

- 1117 (C) prescribes reasonable exceptions and modifications for smaller districts to the  
1118 uniform system of accounting, budgeting, and reporting;
- 1119 (ii) maintain the manual under this Subsection (15)(a) so that it continues to reflect  
1120 generally accepted accounting principles;
- 1121 (iii) conduct a continuing review and modification of procedures in order to improve  
1122 them;
- 1123 (iv) prepare and supply each district with suitable budget and reporting forms; and  
1124 (v) prepare instructional materials, conduct training programs, and render other  
1125 services considered necessary to assist local districts and special service districts in  
1126 implementing the uniform accounting, budgeting, and reporting procedures; and
- 1127 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices  
1128 and experiences of specific local districts and special service districts selected by the state  
1129 auditor and make the information available to all districts.
- 1130 ~~[(16)]~~ (17) (a) The following records in the custody or control of the state auditor are  
1131 protected records under Title 63G, Chapter 2, Government Records Access and Management  
1132 Act:
- 1133 (i) records that would disclose information relating to allegations of personal  
1134 misconduct, gross mismanagement, or illegal activity of a past or present governmental  
1135 employee if the information or allegation cannot be corroborated by the state auditor through  
1136 other documents or evidence, and the records relating to the allegation are not relied upon by  
1137 the state auditor in preparing a final audit report;
- 1138 (ii) records and audit workpapers to the extent they would disclose the identity of a  
1139 person who during the course of an audit, communicated the existence of any waste of public  
1140 funds, property, or manpower, or a violation or suspected violation of a law, rule, or regulation  
1141 adopted under the laws of this state, a political subdivision of the state, or any recognized entity  
1142 of the United States, if the information was disclosed on the condition that the identity of the  
1143 person be protected;
- 1144 (iii) before an audit is completed and the final audit report is released, records or drafts  
1145 circulated to a person who is not an employee or head of a governmental entity for their  
1146 response or information;
- 1147 (iv) records that would disclose an outline or part of any audit survey plans or audit

1148 program; and

1149 (v) requests for audits, if disclosure would risk circumvention of an audit.

1150 (b) The provisions of Subsections ~~[(16)]~~ (17)(a)(i), (ii), and (iii) do not prohibit the  
1151 disclosure of records or information that relate to a violation of the law by a governmental  
1152 entity or employee to a government prosecutor or peace officer.

1153 (c) The provisions of this Subsection ~~[(16)]~~ (17) do not limit the authority otherwise  
1154 given to the state auditor to classify a document as public, private, controlled, or protected  
1155 under Title 63G, Chapter 2, Government Records Access and Management Act.

1156 (d) (i) As used in this Subsection ~~[(16)]~~ (17)(d), "record dispute" means a dispute  
1157 between the state auditor and the subject of an audit performed by the state auditor as to  
1158 whether the state auditor may release a record, as defined in Section 63G-2-103, to the public  
1159 that the state auditor gained access to in the course of the state auditor's audit but which the  
1160 subject of the audit claims is not subject to disclosure under Title 63G, Chapter 2, Government  
1161 Records Access and Management Act.

1162 (ii) The state auditor may submit a record dispute to the State Records Committee,  
1163 created in Section 63G-2-501, for a determination of whether the state auditor may, in  
1164 conjunction with the state auditor's release of an audit report, release to the public the record  
1165 that is the subject of the record dispute.

1166 (iii) The state auditor or the subject of the audit may seek judicial review of a State  
1167 Records Committee determination under Subsection ~~[(16)]~~ (17)(d)(ii), as provided in Section  
1168 63G-2-404.

1169 ~~[(17)]~~ (18) If the state auditor conducts an audit of an entity that the state auditor has  
1170 previously audited and finds that the entity has not implemented a recommendation made by  
1171 the state auditor in a previous audit, the state auditor shall notify the Legislative Management  
1172 Committee through its audit subcommittee that the entity has not implemented that  
1173 recommendation.

1174 Section 24. Section **67-3-3** is amended to read:

1175 **67-3-3. Disbursements of public funds -- Suspension of disbursements --**  
1176 **Procedure upon suspension.**

1177 (1) The state auditor ~~[shall have the power to]~~ may suspend any disbursement of public  
1178 funds whenever, in ~~[his]~~ the state auditor's opinion ~~[such]~~, the disbursement is contrary to law[;

1179 ~~and if~~].

1180 (2) (a) If the validity of ~~[any such]~~ a disbursement ~~[be]~~ described in Subsection (1) is  
1181 not established within six months from the date of original suspension ~~[then]~~, the state auditor  
1182 shall refer the matter ~~[shall be referred]~~ to the attorney general for appropriate action ~~[and if]~~.

1183 (b) If, in ~~[his]~~ the attorney general's opinion, the suspension described in  
1184 Subsection (2)(a) was justified ~~[he]~~, the attorney general shall immediately notify the state  
1185 auditor, who shall ~~[forthwith]~~ immediately make demand upon the surety of the disbursing or  
1186 certifying officer~~[-, and it shall be mandatory upon]~~.

1187 (c) If the state auditor makes a demand under Subsection (2)(b), the surety shall  
1188 immediately ~~[to]~~ meet the demand and ~~[to]~~ pay into the state treasury by certified check or legal  
1189 tender any amount or amounts disbursed and involved in the suspension.

1190 ~~[At]~~ (3) (a) The state auditor shall ensure that all suspensions ~~[shall be]~~ are in writing  
1191 ~~[and the]~~.

1192 (b) The state auditor shall:

1193 (i) prepare a form to be known as the notice of suspension~~[- The]~~;

1194 (ii) ensure that the form ~~[shall contain]~~ contains complete information as to:

1195 (A) the payment suspended~~[-]~~;

1196 (B) the reason for the suspension ~~[and]~~;

1197 (C) the amount of money involved; and

1198 (D) any other information that will clearly establish identification of the payment~~[-~~

1199 ~~The]~~;

1200 (iii) retain the original of the suspension notice ~~[shall be retained by the state auditor~~  
1201 ~~and]~~;

1202 (iv) serve one copy ~~[shall be served]~~ of the suspension notice upon:

1203 (A) the disbursing or certifying officer~~[-, one copy upon]~~;

1204 (B) any member of the finance commission~~[-, one copy upon]~~; and

1205 (C) the surety of the disbursing or certifying officer, ~~[and one copy shall be attached]~~  
1206 except that mailing the copy to the surety company constitutes legal service;

1207 (v) attach one copy of the suspension notice to the document under suspension~~[-~~

1208 ~~Receipts]~~; and

1209 (vi) take receipts entered upon the original suspension notice held by the state auditor

1210 ~~[shall be taken]~~ from the disbursing or certifying officer, the finance commission, and the  
1211 surety~~[, except that the copy to the surety company may be mailed in which case so doing will~~  
1212 ~~constitute legal service].~~

1213 (4) (a) Immediately upon any suspension becoming final, the finance commission  
1214 shall:

1215 (i) cause an entry to be made debiting the disbursing or certifying officer with the  
1216 amount of money involved in any suspension notice; and ~~[shall]~~

1217 (ii) credit the account originally charged by the payment.

1218 (b) Upon release of final suspension by the state auditor, the finance commission shall  
1219 make a reversing entry [shall be made], crediting the disbursing or certifying officer, and like  
1220 credit shall be given in all recoveries from the surety.

1221 (5) (a) In accordance with this Subsection (5), the state auditor may prohibit the access  
1222 of a state or local taxing or fee-assessing unit to money held by the state or in an account of a  
1223 financial institution, if the state auditor determines that the local taxing or fee-assessing unit is  
1224 not in compliance with state law regarding budgeting, expenditures, financial reporting of  
1225 public funds, and transparency.

1226 (b) The state auditor may not withhold funds under Subsection (5)(a) until the state  
1227 auditor:

1228 (i) sends formal notice of noncompliance to the state or local taxing or fee-assessing  
1229 unit; and

1230 (ii) allows the state or local taxing or fee-assessing unit 60 calendar days to make the  
1231 specified corrections.

1232 (c) If, after receiving notice under Subsection (5)(b), the state or local fee-assessing  
1233 unit does not make the specified corrections, the state auditor:

1234 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to  
1235 comply;

1236 (ii) shall provide a recommended timeline for corrective actions;

1237 (iii) may prohibit the taxing or fee-assessing unit from accessing money held by the  
1238 state; and

1239 (iv) may prohibit the taxing or fee-assessing unit from accessing money held in an  
1240 account of a financial institution by:



1241 (A) contacting the taxing or fee-assessing unit's financial institution and requesting that  
1242 the institution prohibit access to the account; or

1243 (B) filing an action in district court requesting an order of the court to prohibit a  
1244 financial institution from providing the taxing or fee-assessing unit access to an account.

1245 (d) The state auditor shall remove the prohibition on accessing funds described in  
1246 Subsections (5)(c)(iii) and (iv) if the state or local taxing or fee-assessing unit makes the  
1247 specified corrections described Subsection (5)(b).

1248 Section 25. Section **67-4-1** is amended to read:

1249 **67-4-1. Duties.**

1250 (1) The state treasurer shall:

1251 (a) receive and maintain custody of all state funds;

1252 (b) unless otherwise provided by law, invest all funds delivered into the state treasurer's  
1253 custody according to the procedures and requirements of Title 51, Chapter 7, State Money  
1254 Management Act;

1255 (c) pay warrants drawn by the Division of Finance as they are presented;

1256 (d) return each redeemed warrant to the Division of Finance for purposes of  
1257 reconciliation, post-audit, and verification;

1258 (e) ensure that state warrants not presented to the state treasurer for payment within one  
1259 year from the date of issue, or a shorter period if required by federal regulation or contract, are  
1260 canceled and credited to the proper fund;

1261 (f) account for all money received and disbursed;

1262 (g) keep separate account of the different funds;

1263 (h) keep safe all bonds, warrants, and securities delivered into his custody;

1264 (i) at the request of either house of the Legislature, or of any legislative committee,  
1265 give information in writing as to the condition of the treasury, or upon any subject relating to  
1266 the duties of his office;

1267 (j) keep the books open at all times for the inspection by the governor, the state auditor,  
1268 or any member of the Legislature, or any committee appointed to examine them by either house  
1269 of the Legislature;

1270 (k) authenticate and validate documents when necessary;

1271 (l) adopt a seal and file a description and an impression of it with the Division of

1272 Archives; and

1273 (m) discharge the duties of a member of all official boards of which he is or may be  
1274 made a member by the Constitution or laws of Utah.

1275 (2) When necessary to perform his duties, the state treasurer may inspect the books,  
1276 papers, and accounts of any state entity.

1277 (3) The state treasurer may take temporary custody of public funds if ordered by a court  
1278 to do so under Subsection 67-3-1[(H)](12).